
UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Amendment No. 1 to
FORM 10-K/A

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 2018

Commission file number 1-12711

DPW HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

94-1721931
(I.R.S. Employer Identification Number)

201 Shipyard Way, Suite E Newport Beach, CA
(Address of principal executive offices)

92663
(Zip Code)

(510) 657-2635
(Registrant's telephone number, including area code)

Securities registered under Section 12(b) of the Act:

Title of Each Class

Common Stock, \$0.001 par value per share

Name of each exchange on which registered

NYSE American

Securities registered under Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding year (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of June 29, 2018, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was \$31,701,549 based on the closing sale price as reported on the NYSE American of \$10.84. Such determination should not be deemed an admission that such directors, officers, or 10% beneficial owners are, in fact, affiliates of the registrant.

There were 23,189,615 shares of common stock outstanding as of April 12, 2019.

Documents incorporated by reference: None

Company acquired	Date of Acquisition	For the Year Ended December 31,	
		2018	2017
Microphase Corporation	June 2, 2017	\$ 4,670,487	\$ 2,795,423
Power Plus Technical Distributors	September 1, 2017	1,603,205	798,233
Enertec Systems 2001 Ltd.	May 22, 2018	5,226,075	-
I.AM, Inc.	May 23, 2018	3,462,140	-
		<hr/>	<hr/>
		\$ 14,961,907	\$ 3,593,656

Revenues, cryptocurrency mining

In January 2018, we formed Digital Farms. During the year ended December 31, 2018, we recognized \$1,675,549 of revenues generated by Digital Farms.

Revenues, related party

During the years ended December 31, 2018 and 2017, we recognized \$3,907,280 and \$173,751, respectively, in revenues resulting from our relationship with MTIX, a related party. In March 2017, the Company was awarded a 3-year, \$50 million purchase order by MTIX to manufacture, install and service the MLSE plasma-laser system.

Gross Margins

Gross margins decreased to 19.8% for the year ended December 31, 2018 compared to 37.8% for the year ended December 31, 2017. The decrease in gross margins was partially attributable to the lower margin revenue of \$3,907,280 from MTIX, a related party, with gross margins of 21.5% combined with negative margins of (20.7%) on revenues of \$1,675,549 at Digital Farms. The negative gross margins at Digital Farms are attributed to monthly recurring fixed costs at our colocation facilities which temporarily exceed the revenues from our mining operations while we place our miners in service. If we had not recognized revenue, and the related cost of revenue, from Digital Farms and our contract with MTIX, then our adjusted gross margins for the year ended December 31, 2018 would have been 36.8%. The decrease in gross margins from 37.8% to 36.8% is mainly attributable to an increase in costs of our commercial products sold in our U.S. operations, which historically have had much greater gross margins, offset by higher gross margins related to restaurant operations.

Engineering and Product Development

Engineering and product development expenses increased by \$310,793 to \$1,430,538 for the year ended December 31, 2018 from \$1,119,745 for the year ended December 31, 2017. The increase is primarily attributed to our acquisitions of Microphase and Enertec. The closing of the acquisitions of Microphase and Enertec occurred on June 2, 2017 and May 23, 2018, respectively. Enertec incurred engineering and product development expenses for the period May 23, 2018 to December 31, 2018 of \$135,964. During the prior-year period, Microphase reported \$293,775 in engineering and product development expenses as opposed to \$466,575 during the year ended December 31, 2018. In aggregate, these acquisitions resulted in an increase in engineering and product development expenses of \$308,764.

Selling and Marketing

Selling and marketing expenses were \$3,010,790 for the year ended December 31, 2018 compared to \$1,721,050 for the year ended December 31, 2017, an increase of \$1,289,740. Our acquisition of Microphase, Power-Plus, Enertec and I.AM accounted for \$1,111,987, of the increase in selling and marketing expenses. The remaining increase of \$177,753 is attributed to an increase in personnel costs directly attributed to sales and marketing personnel at our U.S. and UK based operations. Throughout the quarter ended March 31, 2017, we augmented our sales and marketing team in the U.S. with the addition of a Vice President of Business Development and two regional sales managers. The increase in selling and marketing expenses is partially attributed to the increase in salaries and benefits and travel related costs for these three new sales and marketing positions. Further, during December 2017, we hired a Sales Director at our UK operations.

General and Administrative

General and administrative expenses were \$19,842,378 for the year ended December 31, 2018 compared to \$6,991,723 for the year ended December 31, 2017, an increase of \$12,850,655. Our acquisitions of Microphase, Enertec and I.AM accounted for \$3,929,639 of the increase in general and administrative expenses. The adjusted increase of \$8,921,016 from the comparative prior period was mainly due to higher stock-based compensation expenses, an increase in legal and audit costs, an increase in investor relationship costs and hiring of additional consultants to build an infrastructure in anticipation of our future growth and the increase in cost attributed to the hiring of a new chief financial officer. The remaining increase in general and administrative expenses is due to various costs, none of which are significant individually.